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August 10, 2001

**Ex Parte**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

*Re: Bell/Atlantic/GTE Merger Order, CC Docket No. 98-184*

Dear Ms. Salas:

On August 8, 2001, J. Cullina, G. Dowell, M. Glover, D. Evans and I held a telephone conference call with C. Carpino, K. Farroba and M. Carey of the Common Carrier Bureau's Policy and Program Planning Division.

The purpose of the call was to respond to questions regarding Verizon's request to accelerate the automatic sunset of Condition I of the Bell Atlantic/GTE Merger Conditions, which requires Verizon to provide advanced services through a separate advanced services affiliate.

Prompt approval of our request to accelerate the automatic sunset date is critical, as a few examples discussed on the call serve to highlight.

First, the severe capacity constraints in New Jersey that were described in our request have resulted in customers being denied advanced services. Already, 9 separate offices in that state have been closed to new DSL orders, and 10 more are expected to reach capacity and have to be closed over the next several weeks. Granting our request will allow Verizon's local telephone company to purchase advanced services equipment to address this problem immediately so that these offices can be reopened to provide the advanced services customers want.

Second, promptly approving our request will alleviate uncertainty and confusion on the part of employees. The fact that it is as yet uncertain when the structural separation requirements will terminate necessarily generates anxiety on the part of affected employees as to what and where their jobs will be going forward. Granting our request will allow Verizon to move ahead

with plans to re-integrate the business units and to provide some greater certainty to employees as to what their jobs will be under the new organization.

Third, promptly approving our request will alleviate constraints on our marketing efforts. This is especially true in the case of large customers who purchase voice and data services through a competitive bid process. The current uncertainty over when the structural separation requirements will terminate constrains Verizon's ability to compete effectively for these customers. Indeed, when responding to requests for bids, Verizon today can't tell the customer who the service provider will be for the advanced services part of the bid or how the service will be provided. Granting the request also would allow for closer coordination in the provisioning and maintenance of complex service arrangements for these customers. The current structure has caused service problems and has hindered Verizon in competing with other large providers that already operate on an integrated basis.

Fourth, promptly granting our request will allow us to immediately begin the process of re-integrating the provision of Advanced Services in the Verizon ILECs. We estimate that complete reintegration could take up to 6 months due to the state regulatory approvals that would need to be obtained as discussed below.

Of course, as the examples described above show, there will be a number of immediate benefits even before the reintegration process is completed. In addition, Verizon could reintegrate its DSL operations relatively quickly given that Verizon's DSL assets are used to provide interstate Internet access services and therefore their transfer from VADI to the Verizon ILECs would not require state approvals (just as their transfer to VADI did not). This in turn would help reduce the significant state tax costs involved in having DSL revenues and expense in a separate affiliate. Following approval of Verizon's request to accelerate the sunset date, Verizon would also file tariff revisions with the FCC to change the issuing carrier from VADI to the Verizon Telephone Companies.

Nonetheless, the full reintegration of intrastate Advanced Services (primarily ATM and Frame Relay services) will require state approvals, and obtaining prompt approval of our request will allow us to immediately begin the process of obtaining those approvals.

Specifically, when the business was transferred to VADI last year, the three primary approvals required were for certificates of public convenience and necessity for VADI's tariffs and for intrastate asset transfers. Since the Verizon ILECs already have certificates (and those certificates would not need to be changed to provide Advanced Services), no similar approvals will be required in this case. Similarly, the Verizon ILECs already have local tariffs on file with the state commissions. We anticipate that the timeframes for amendments to transfer those existing tariffs to the ILECs typically will be shorter than for approvals of a carrier's initial tariff. Reintegration will require state approvals for the transfer of intrastate assets in 15 of Verizon's 32 state operating territory. (Asset transfer approvals in California and New Jersey will not be required since the approvals to transfer the assets from the ILECs to VADI in those states have not been obtained.) We expect this process will take between 2-6 months in a given state. Thus, the intrastate Advanced Services in some states could be reintegrated more quickly than in others.

Finally, it is worth noting that we do not anticipate any significant customer disruption as a result of reintegration. For example, the "separate office or division" within the Verizon ILECs will continue to use the systems developed by VADI to provision DSL service. So, unlike the disruption that occurred when customers were converted from ILEC to VADI systems last year, there should not be customer disruption in moving this business back into the Verizon ILECs. In order to minimize customer confusion, Verizon would notify customers of the assignment of the customer accounts to the Verizon ILECs.

We urge the Commission to promptly approve this request. If there are any questions on this matter, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Dee May" followed by a stylized monogram or initials.

cc: D. Attwood  
M. Carey  
C. Carpino  
B. Olson  
S. Pie